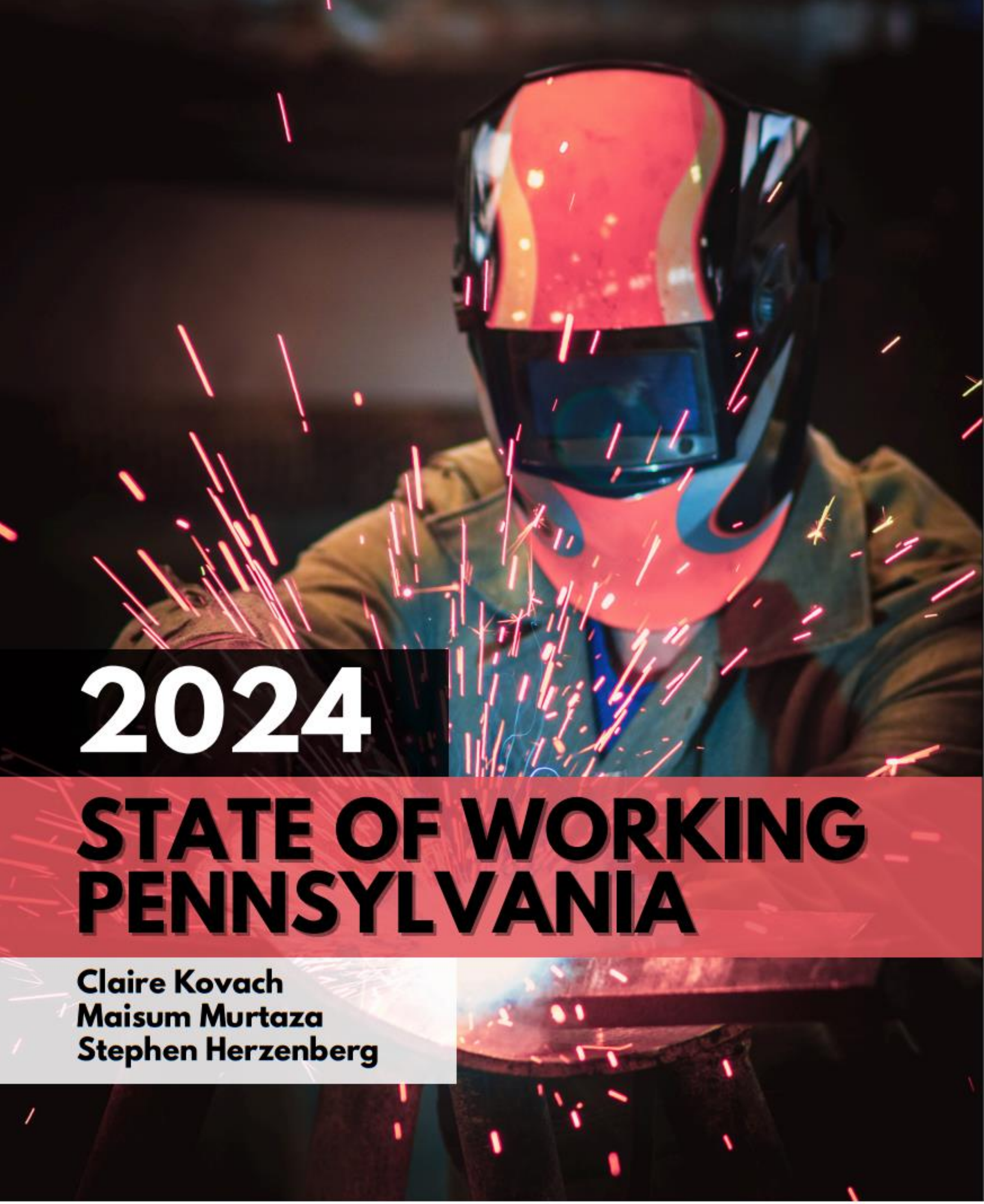


2024 STATE OF WORKING PENNSYLVANIA

Claire Kovach
Maisum Murtaza
Stephen Herzenberg

Keystone Research Center

The Keystone Research Center (KRC) was founded in 1996 as an independent, non-partisan research and policy organization to broaden public discussion on strategies to achieve a more prosperous and equitable Pennsylvania economy. Since its creation, KRC has become a leading source of independent analysis of Pennsylvania's economy and public policy. KRC is located at 412 North Third Street, Harrisburg, Pennsylvania 17101-1346. Most of KRC's original research is available on the KRC website at www.keystoneresearch.org. KRC welcomes questions or other inquiries about its work at 717-255-7181.

About the Authors

Claire Kovach, KRC's senior research analyst, holds a Ph.D. in Sociology from The Pennsylvania State University where her research centered on quantitative measurement of poverty and material hardship. She interned with The Center on Budget and Policy priorities in Washington, D.C. where she worked on data driven poverty and immigration policy topics. Her recent work focuses on the minimum wage, apprenticeship, and Appalachia. Her most recent writing for a national audience is a forthcoming co-authored report, "Transitioning Coal Country Into Leaders of the New Clean Economy" for the U.S. Department of Labor Chief Evaluation Office's "Summer of Registered Apprenticeship" white paper series.

Muhammad Maisum Murtaza, KRC research associate, joined KRC in 2020 after interning for the organization in summer of 2019. He has an undergraduate degree in economics from The Pennsylvania State University where he also helped teach an ecology course. Maisum has coauthored "The State of Working Pennsylvania" for the last several years and conducts research on climate issues, immigration, education and new developments in the labor force. He is pursuing a graduate degree at the University of Maryland's School of Public Policy.

Stephen Herzenberg, KRC's executive director, holds a Ph.D. in economics from MIT. He writes widely on how Pennsylvania and the United States can achieve broadly shared prosperity. His writings for national audiences include "Chapter 8. Decent Work and Economic Growth," in *Governing for Sustainability*, Environmental Law Institute, 2023; "Hatching Labor's Phoenix," in *The Many Futures of Work*, Temple University Press, 2021; *Losing Ground in Early Childhood Education*, Economic Policy Institute (EPI), 2005; *New Rules for a New Economy*: *Employment and Opportunity in Postindustrial America*, Cornell/ILR Press, 1998; and *U.S.-and Mexico Trade: Pulling Together or Pulling Apart?*, Office of Technology Assessment, U.S. Congress, 1992.

Support KRC
The work of KRC is supported by grants from charitable foundations, research contracts with various organizations, and contributions from organizations and individuals who share KRC's vision of broadly shared prosperity in Pennsylvania. To learn how you or your organization can support KRC, please visit the KRC website at www.keystoneresearch.org or call 717-255-7181.

Table of Contents

Executive Summary

As we approach this Labor Day, the Pennsylvania economy is growing steadily. Working families are sharing in prosperity in a more sustained way than at any point since 1980—although many families still struggle to make ends meet and, in our polarized nation, a big partisan divide exists in perceptions of whether the economy is better than four years ago.[1] A central reason for the economy's objectively strong recent performance: federal policies during and since the outbreak of COVID-19 have quickly restored the 2013-2019 trajectory of steady job growth, low unemployment, and rising wages. Even inflation—which spiked in the pandemic—has fallen below 3%.

The critical question before the country now: will policies going forward lock-in shared prosperity sufficiently for working families to "feel it"? Or will policies in 2025 and beyond restore an economy like that of most of the three-plus decades after 1980, which mostly benefited a thin slice of the very rich?

The recent strength of the Pennsylvania economy shows up in multiple measures of our labor market.

- Pennsylvania output now exceeds pre-pandemic levels.
- For the last three years, our state's job growth has hummed along above the norm for the past three-plus decades. Instead of job growth half the U.S. rate, Pennsylvania job growth has been consistently above that level and even surpassed national job growth in some recent months.
- Over the past 12 months, Pennsylvania's unemployment rate has stayed near its 50-year low. It has also dipped below the national unemployment rate, and by a bigger margin as the national rate has ticked up.
- Unemployment rates for Blacks and Hispanics have decreased the most, falling to within two-to-three percentage points of the white unemployment rate.
- While job openings in Pennsylvania have declined recently as more workers have returned to the job market and made themselves available to take jobs—our labor force participation rate is back to pre-pandemic levels—we still have more job openings than unemployed workers. As a result, individual Pennsylvania workers have more leverage than usual when seeking a job. They can pick and choose among employers or switch jobs for better pay or working conditions.

Wages have grown faster than inflation in the last 5-10 years for almost all categories of workers. This is true for different demographic groups, workers in different parts of the income distribution, and across most occupations.

- Pennsylvania workers in the middle of the earnings curve enjoyed an 83 cent per hour increase in 2023 alone and a $2.99 per hour increase (13.6%) in the past decade. They now earn 92 cents per hour more than their national counterparts (in 2023 dollars), a Pennsylvania earnings advantage roughly the same as in the "good old days"—in 1979—before the collapse of the steel industry.
- Pennsylvania low-wage workers (at the 10th percentile) make $2.22 more per hour than a decade ago (a 21% increase) *despite* the failure of state lawmakers in Pennsylvania to raise our minimum wage. Low-wage workers in our three neighboring states with a $15 or more per hour minimum

[1] Aliss Higham, "US Economy Is Doing Better Than Americans Think," *Newsweek*, Aug 25, 2024; https://www.newsweek.com/us-economy-better-americans-think-1941732.

wage (New York, New Jersey, and Maryland) earn $1.71 more per hour than their Pennsylvania counterparts—over $3,500 more per year for a full-time worker.

- Women, Black, and Hispanic workers have enjoyed steady wage increases over the past decade—nearly $2 to $3 per hour—as well as recent gains relative to their male and white counterparts.
- Even Pennsylvania's blue-collar workers—who enjoyed high wages until the latter part of the 1970s but then experienced sharp downward mobility, fueling working-class anger—have begun to share in the gains of growth. In construction and, to a lesser extent, manufacturing and transportation, non-supervisory wages have risen in the past few years.

And in possibly the best long-term news for Pennsylvanians in our worker-friendly economy, union membership is growing again. In 2023, union membership in Pennsylvania in the broad private service sector leapt 64,000 to a new total of 280,000, a jump of 30% in a single year. From coffee shops to university labs to libraries and nonprofits, Pennsylvania workers are choosing to organize a union, join the middle class, and gain dignity and voice on the job.

Ten years of steady and modest gains do not make up for 40 years of job loss, downward mobility, and searing inequality. Nor do recent gains obviate the pandemic increases in the costs of necessities by price-gouging food, oil, and pharmaceutical companies, landlords, and greedy local "nonprofit" healthcare monopolies. With more than 40% of Pennsylvania workers even now earning below a living wage, when the prices of the basics go up, many families still struggle to make ends meet.

But the good news on the Pennsylvania economy does underscore that, despite the past 45 years, it is NOT inevitable that the rich will always get richer with no gains for the rest of us. This good news also validates national policies in and after the pandemic. These policies were designed to benefit all Americans, and they worked. COVID relief—two big bills that passed under President Trump and a third enacted under President Biden with Democratic votes—generated rapid job growth and restored low unemployment. (Child poverty was even slashed to the lowest level ever recorded, although, sadly, the child tax credit that achieved that progress was not extended or made permanent).

Three historic federal bills that followed COVID relief now maintain job growth: the bipartisan infrastructure law (BIL); the Inflation Reduction Act (IRA), focused on reducing carbon emissions and creating good unions jobs, passed with only Democratic votes; and the innovation bill, the CHIPS and Science Act, passed with bipartisan support. And the Biden Administration's use of the bully pulpit and its executive authority to support unions and worker organizing has also likely contributed to more positive economic news for working people.

The end of our report argues that a central question that all Pennsylvanians and Americans should consider as we approach November's election is: do we want to continue to lock-in a vibrant economy with opportunity for all, one in which Americans generally finally "feel" the benefits? Or do we want to go back to policies that make it harder for workers and families to succeed and cater to the super rich?

The State of the Economy

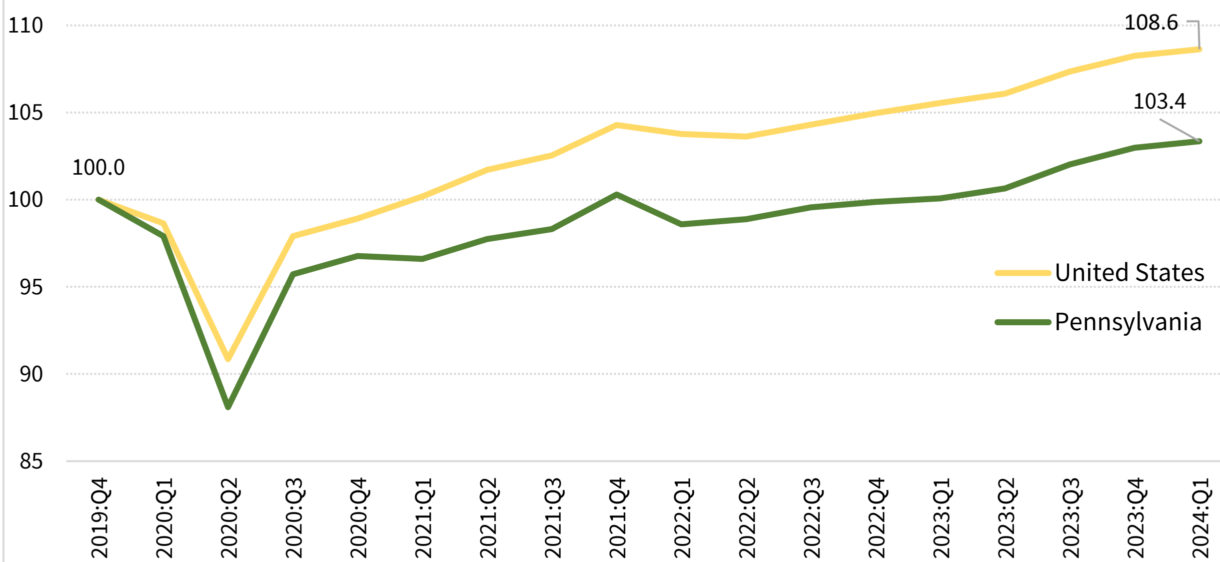
Pennsylvania Gross Domestic Product

The U.S. and Pennsylvania economy experienced a rapid, robust recovery after the initial shock and recession that accompanied COVID-19. By the release of last year's "State of Working Pennsylvania" in August 2023, U.S. and Pennsylvania Gross Domestic Product (GDP) had risen above pre-pandemic levels. The upward trend in output continued in the subsequent four quarters. In the past five quarters, Pennsylvania output growth has outpaced U.S. slightly (Figure 1).

Figure 1

U.S. and Pennsylvania GDP Are Above Pre-Pandemic Levels

Quarterly GDP for U.S. and PA, Indexed to Q4 of 2019, 2019 Q4 - 2024 Q1



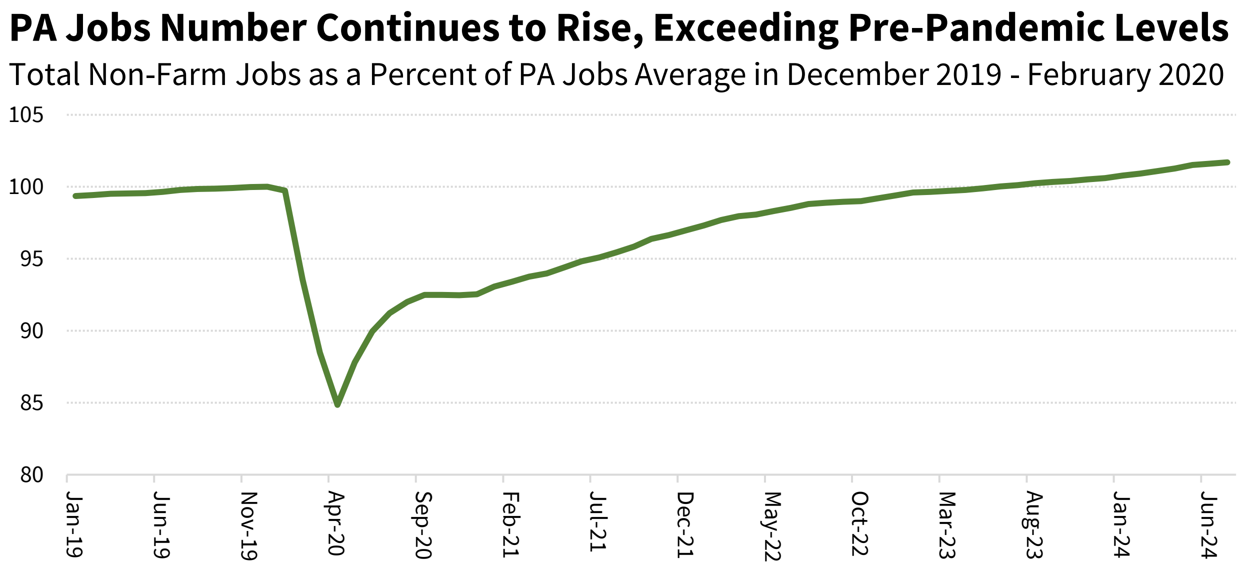
Note: GDP levels are indexed to Q4 of 2019 = 100 based on real GDP in 2017 chained dollars.
Source: Keystone Research Center based on Bureau of Economic Analysis data tables for state-level GDP, https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1&acrdn=1.

The State of Employment

Jobs and Labor Force

After the steep drop in the brief COVID-19 recession, the number of Pennsylvania nonfarm jobs began to rebound in May of 2020. During the next four years ending with July 2024, the state surpassed the pre-pandemic jobs levels and added over 1 million jobs. In July 2024, the Commonwealth hit a 12th consecutive record high nonfarm jobs number, 6,191,000 jobs.

Figure 2



Source: Keystone Research Center analysis of Current Establishment Survey data Table 5: http://www.bls.gov/news.release/laus.t05.htm

Going back to 1990, Pennsylvania job growth averaged a bit less than half national job growth, largely because Pennsylvania has slower working-age-population growth than the United States. From January 1990 to July 2024, U.S. jobs increased 21.2% and Pennsylvania jobs increased 9.5%.[2] In the last three years, since mid-2021, a year-or-so after the pandemic recession, Pennsylvania job growth has been well over half U.S. job growth (Figure 3). In some months, including recently, Pennsylvania job growth has exceeded U.S. job growth. This is despite the fact that the U.S. population (non-institutional civilian) population 16 and over has growth 2.7% in the past three years while the Pennsylvania population has not grown. Pennsylvania's unusually strong recent job growth relative to the nation initially may have reflected that Pennsylvania lost more jobs in the pandemic and thus had more jobs to recover. Strong recent relative job growth in Pennsylvania could also be an early indication that Pennsylvania is benefiting even more than other states from recent federal investments in infrastructure, climate, and innovation.

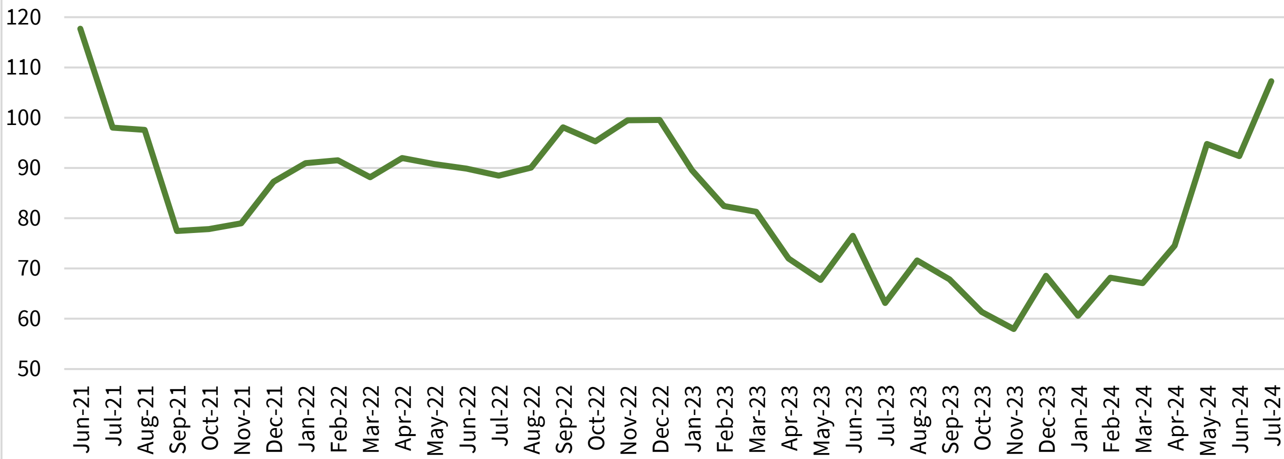
---

[2] Job growth estimates since January 2011 based on seasonally adjusted Current Establishment Survey data, Table 5 online at http://www.bls.gov/news.release/laus.t05.htm. Over a shorter period, since January 2000, the U.S. non-institutional civilian population 16 and over rose 27.1% and the same group in Pennsylvania declined 4.3%. Population estimates based on Bureau of Labor Statistics data at https://www.bls.gov/web/laus/ststdsadata.txt and https://www.bls.gov/lau/rdscnp16.htm. All data referred to in this footnote provided by the Economic Policy Institute.

Figure 3

Pennsylvania's Employment Growth Has Been Above the Norm Compared to National Employment Growth

Pennsylvania 12-Month Employment Growth as a Percent of National 12-Month



Note: Each month shows PA job growth over the past 12 months as a percent of U.S. job growth in the same period. For example, June 2021 shows PA job growth from June 2020 to June 2021 as a percent of U.S. job growth in the same period.
Source: Keystone Research Center analysis based on Bureau of Labor Statistics Current Establishment Survey Table 5 data, http://www.bls.gov/news.release/laus.t05.htm.

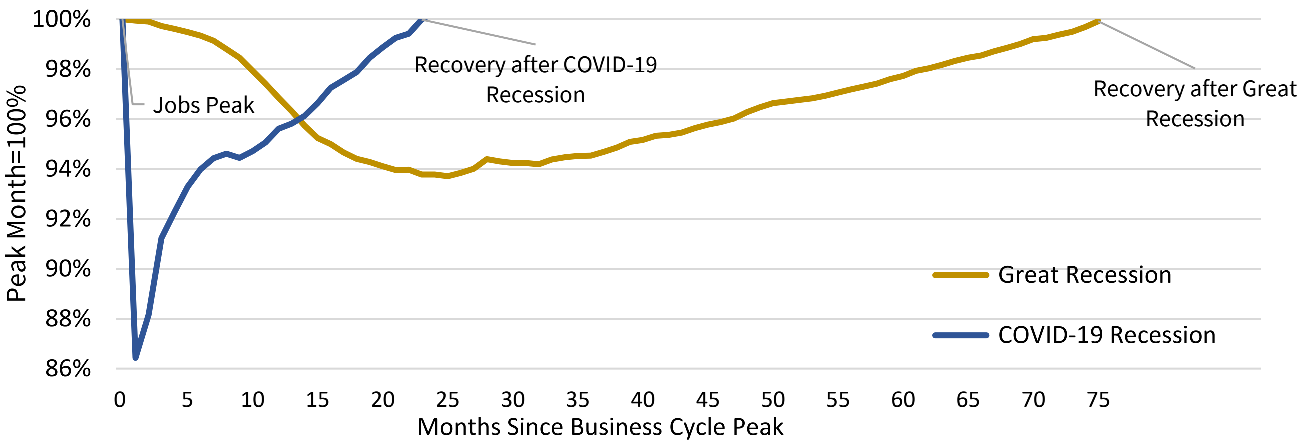
Federal investments in the past five years began with two big bipartisan COVID relief bills passed under President Trump. They continued with the American Rescue Plan enacted in March 2021 by Congressional Democrats and signed by President Biden. And they concluded with the passage of the bipartisan infrastructure law (BIL) (in November 2021), the Inflation Reduction Act (in August 2022), and CHIPS+ innovation bill (also in August 2022).

Figure 4 shows that expansionary fiscal policy, combined initially with low interest rates, resulted in a rapid recovery of jobs after the pandemic recession in April and May of 2020. Pennsylvania jobs surpassed the pre-pandemic level in about 24 months. By comparison, after the Great Recession, it took around 75 months for Pennsylvania to recover to the pre-recession jobs peak. Fiscal policy after the 2010 elections became less expansionary because Republicans regained the majority in the U.S. House and favored cutting spending.

Figure 4

Job Recovery Was Faster for the Pandemic Recession Than for the Great Recession

Pennsylvania Nonfarm Jobs Peak to Recovery Point



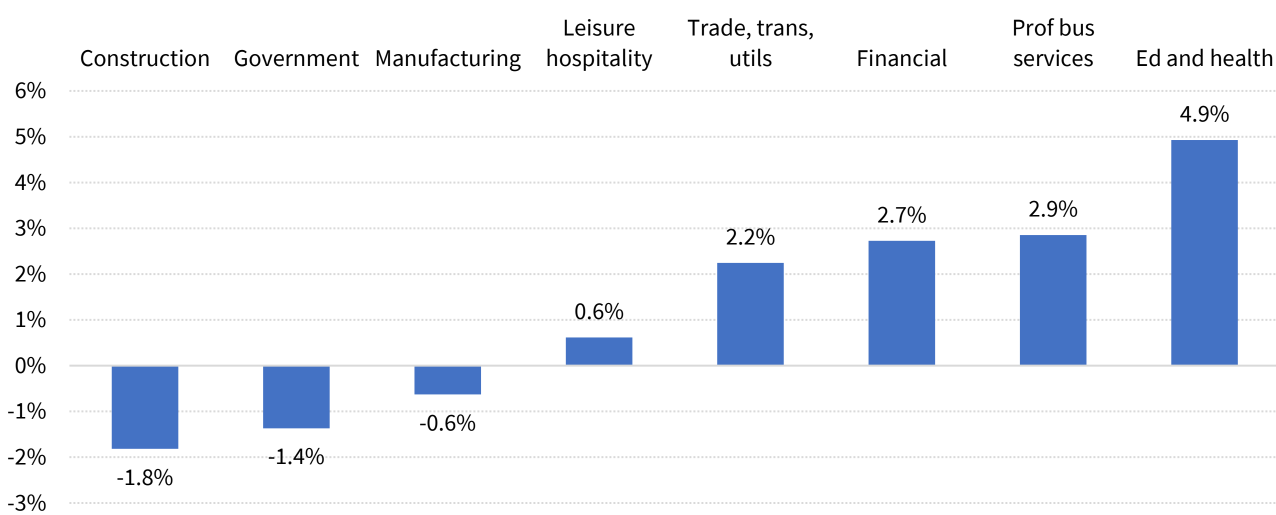
Source: Keystone Research Center analysis of Current Establishment Survey Data, Table 5 . https://www.bls.gov/news.release/laus.t05.htm

Since the pandemic recession, education and health services have led Pennsylvania's jobs rebound, followed by professional and business services. As of July 2024, only construction and government employment trail their February 2020 level by more than 1%.

Figure 5

Construction and Government Jobs in Pennsylvania Still Less Than Pre-Recession Levels, Other Industries Have Recovered

Percent Change in Employment Levels From February 2020 to July 2024



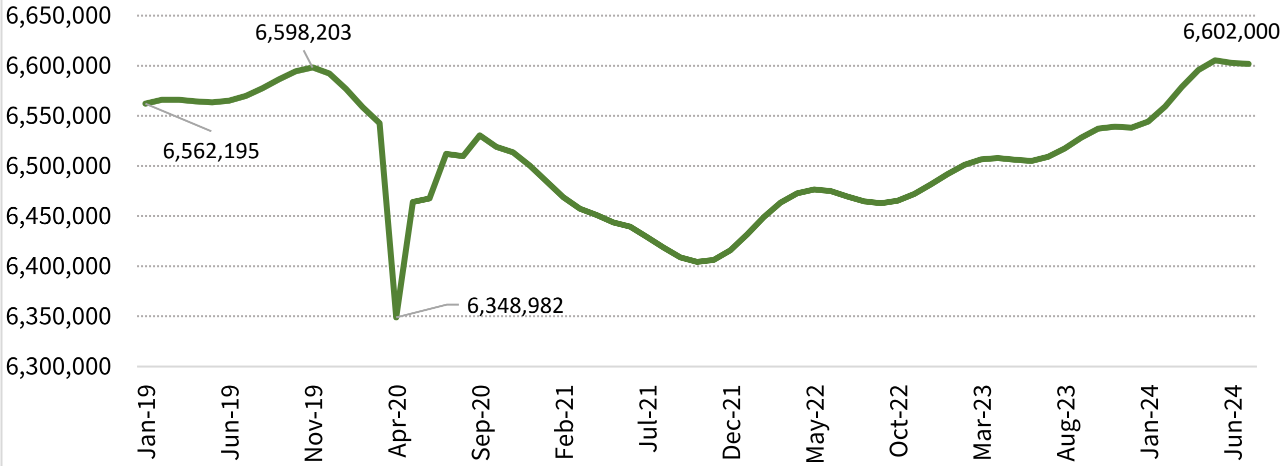
Note: Industry categories that have been abbreviated are Trade, Transportation, and Utilities; Professional Business Services; Education and Health.

Source: Keystone Research Center based on Economic Policy Institute analysis of seasonally adjusted Current Establishment Survey data, table 5. https://www.bls.gov/news.release/laus.t05.htm

The Pennsylvania labor force grew by over 92,000 people from July 2023 to July 2024, continuing a steady trend that started in November 2021. Pennsylvania's July 2024 labor force of over 6.6 million workers exceeded the highest pre-pandemic labor force (reported in November 2019) by nearly 3,800 workers.[3]

Figure 6

Pennsylvania Labor Force Has Been Steadily Increasing, Surpassing Pre-Pandemic Levels



Source: Keystone Research Center based on Bureau of Labor Statistics Local Area Unemployment data, Series ID: LASST420000000000006.

Unemployment Rate

The unemployment rate is another indicator of economic health. Before the pandemic recession, Pennsylvania's unemployment rate had declined over the course of the long 2010s economic expansion to just over 4%. Until the last two years, the current database used by the Bureau of Labor Statistics to track state unemployment rates began in 1976 and recorded an all-time low of 4.1% in Pennsylvania in February 2000.[4] At its April 2020 peak in the two-month pandemic recession, Pennsylvania's unemployment rate spiked to over 16%. Since then, the state unemployment rate has fallen rapidly and then steadily. In November 2021, the Pennsylvania unemployment rate matched its February 2020 level of 4.7% (Figure 7). It has been below the previously recorded monthly low of 4.1% for the last *25 months.* It hit a record low of 3.2% in June 2023 and has stayed at or below 3.5% for the last 17 months (from March 2023 to July 2024). Further, for the last 15 months, Pennsylvania's unemployment rate has dropped below the national rate.

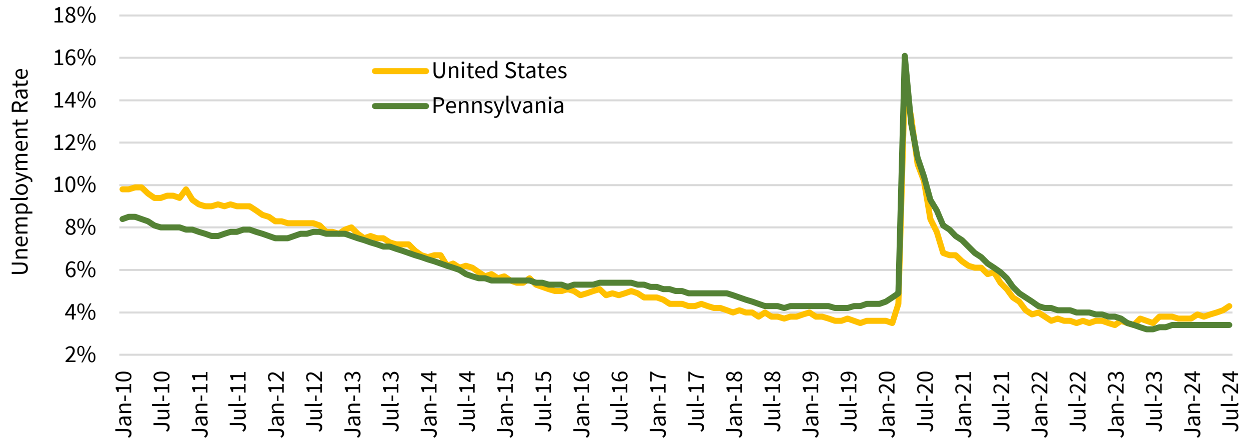
[3] Data accessed from the Bureau of Labor Statistics data series on Local Area Unemployment Statistics. Series ID: LASST420000000000006, https://data.bls.gov/series-report.

[4] Bureau of Labor Statistics reports the Pennsylvania unemployment rate monthly through the Local Area Unemployment Statistics (LAUS) series. Series ID: LASST420000000000003 accessed from https://data.bls.gov/series-report.

Figure 7

Pennsylvania Unemployment Has Been Historically Low and Lower than the National Rate this Year

Pennsylvania and U.S. Unemployment, January 2010 to July 2024

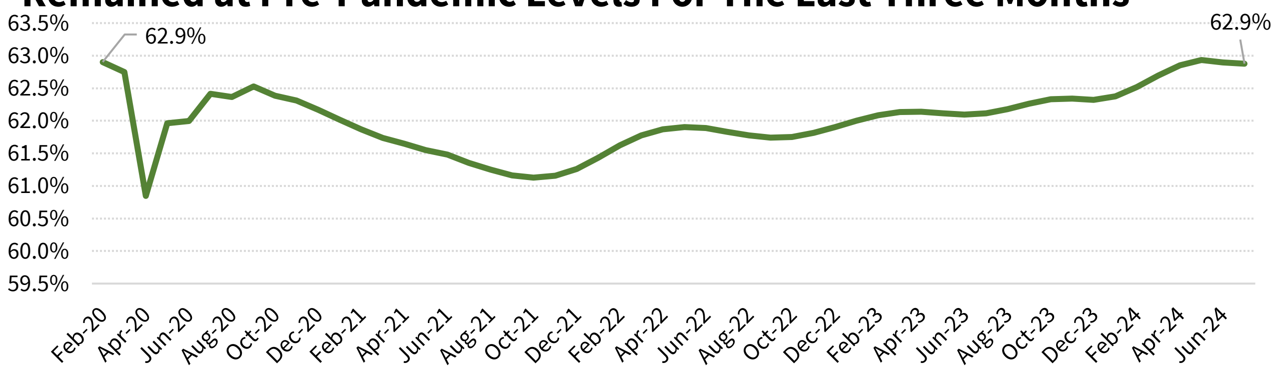


Source: Keystone Research Center based on Local Area Unemployment Statistics (LAUS). Tables 1 and 3,

Pennsylvania's labor force participation rate, like jobs, has recovered to its pre-pandemic level, although with more fluctuation. Labor force participation dropped sharply at the start of the pandemic, then partly recovered, then declined again. The second decline led journalists and some economists to perceive a "Great Resignation" as some workers rejected low-paid jobs that also came with risks of COVID-19 infection.[5] Labor force participation began its slow and steady climb back to the pre-pandemic level in late 2021 (Figure 8).

Figure 8

Pennsylvania's Labor Force Participation Rate Has Recovered and Remained at Pre-Pandemic Levels For The Last Three Months



Source: Keystone Research Center based on Labor Force Participation Rate calculated by the Economic Policy Institute. Data for Pennsylvania non-institutional civillian population (16 years and older) are from the Bureau of Labor Statistics. Data for Labor Force Level are from the Local Area Unemployment Statistics (LAUS) tables 1 and 3. Accessed from: http://www.bls.gov/news.release/laus.t03.htm

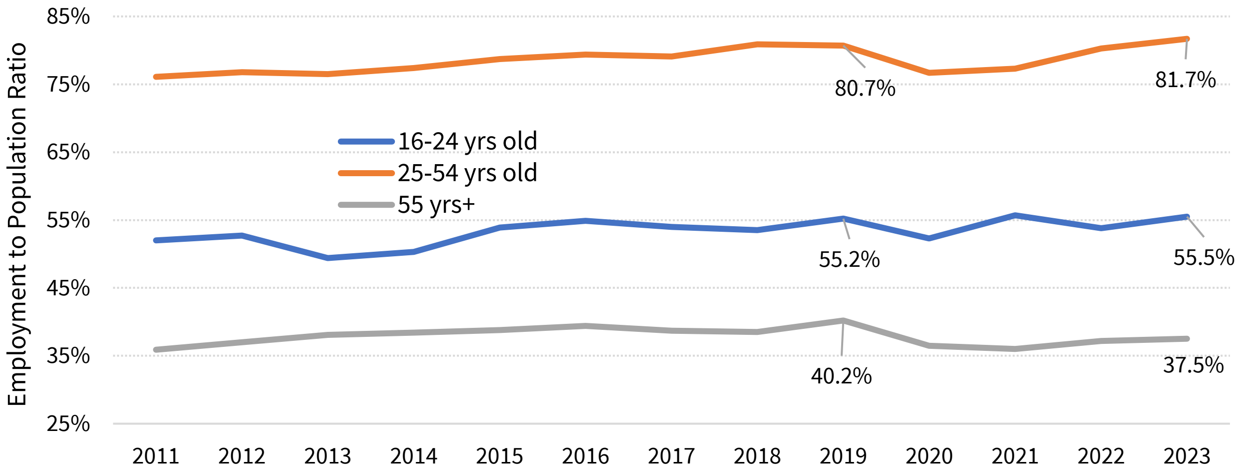
[5] The "Great Resignation" is the term used to describe the phenomenon where historic numbers of U.S. workers quit their jobs in 2021. https://www.bls.gov/opub/mlr/2022/article/the-great-resignation-in-perspective.htm.

The employment-to-population ratio also allows us to explore whether workers in and after the pandemic chose to stop participating in the formal job market. Sometimes referred to as the "employment rate," we can use this ratio to examine whether pandemic shifts in participation in the formal job market differ by age. Figure 9 shows that the employment-to-population ratio for prime-age workers (25-54) now exceeds its pre-pandemic level. The employment rate for 16-24-year-olds is just above its pre-pandemic level. The employment rate for workers 55+ in 2023 remained 2.7 percentage points below the 20.2% pre-pandemic peak reached in 2019. That decline could be contributing to Pennsylvania's low unemployment rate, in part because Pennsylvania has a larger fraction of older workers than almost all other states. Even so, the trends for workers below age 55 indicates that the "Great Resignation" appears to have not been that great and also largely temporary.

Figure 9

Pennsylvania Prime Age Employment-to-Population Ratio Exceeds Pre-Pandemic Levels

Employment to Population Ratio of Workers Aged 16 to 24, 25 to 54, and 55+, 2011-2023



Source: Keystone Research Center based on Current Population Survey microdata accessed through the Economic Policy Institute.

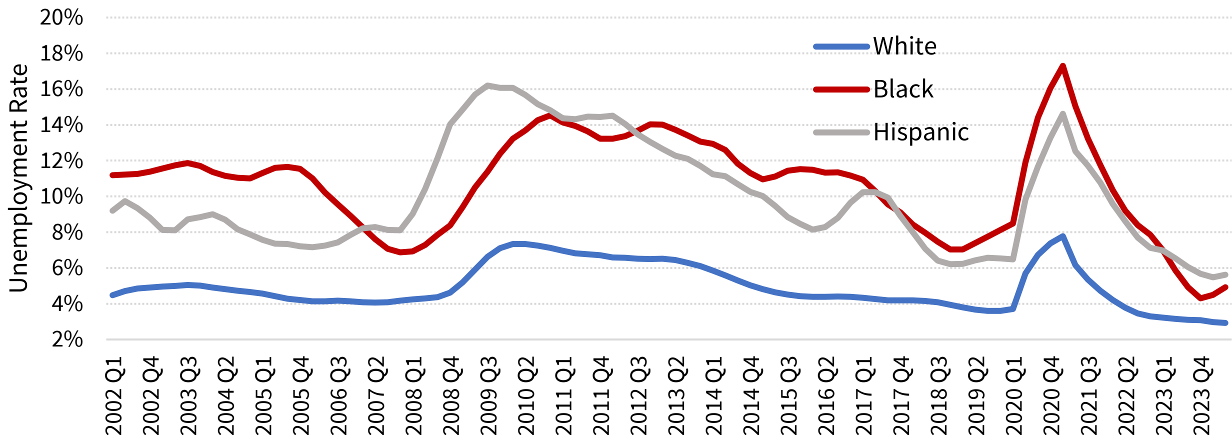
As EPI economist Elise Gould noted in June 2024, "Getting to full employment is particularly important for historically disadvantaged groups like Black and Hispanic workers who always experience a tougher labor market."[6] For this reason, Pennsylvania's persistent very low unemployment rate has been particularly beneficial to people of color. Figure 10 shows that Black and Hispanic workers in Pennsylvania recently have had a lower unemployment rate than at any time in the past 22 years (the period covered by this data series). The racial unemployment gaps between white Pennsylvanians and people of color are also lower than at any time in those periods. That said, Black unemployment in the second quarter of 2024 remained two percentage points higher than white unemployment, and Hispanic unemployment was 2.7 percentage points higher.

[6] Quote by Economic Policy Institute blog on the May 2024 jobs report, published on June 7, 2024, by Dr. Elise Gould. Accessed from: https://www.epi.org/blog/jobs-report-indicates-a-strong-labor-market-unemployment-has-been-at-or-below-4-for-30-months-running/.

Figure 10

Unemployment Rates for White, Black, and Hispanic Workers at Record Lows in the Last Year

Black, Hispanic, and White Unemployment Rates in Pennsylvania, 2001-2024



Note: Four quarter rolling average.
Source: Keystone Research Center based on Economic Policy Institute analysis of Local Area Unemployment Statistics (LAUS) and Current Population Survey (CPS) data.

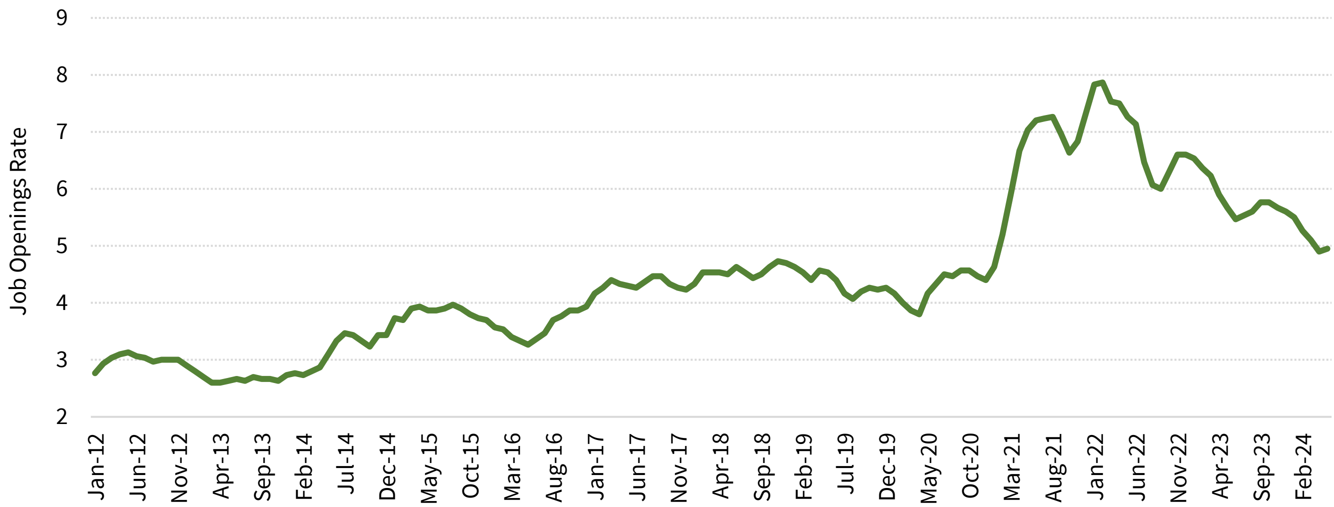
Job Openings and Labor Turnover

While the unemployment rate in Pennsylvania remains low along with the number of unemployed workers, the latest Job Opening and Labor Turnover Survey (JOLTS) indicates that job openings remain higher than their levels in early 2020. The Pennsylvania job openings rate—defined as job openings as a share of total jobs plus job openings—hit its highest point of 7% during the pandemic recovery in February 2022. This spike reflected workers leaving the labor market during the pandemic due in part to increased family responsibilities and workers' concerns for their health and about bringing COVID-19 back home from the workplace. Since then, the job openings rate has dropped to just below 5% (in May 2024), still above the pre-pandemic peak of 4.17% (in January 2020). The decline in the job openings rate stems from labor force participation returning to pre-pandemic levels. In other words, the availability of more workers has gradually reduced job openings.

Figure 11

The Rate of Job Openings in Pennsylvania Remains Above Pre-Pandemic Levels

Pennsylvania Job Openings Rate Three-Month Rolling Average, January 2012 to May 2024



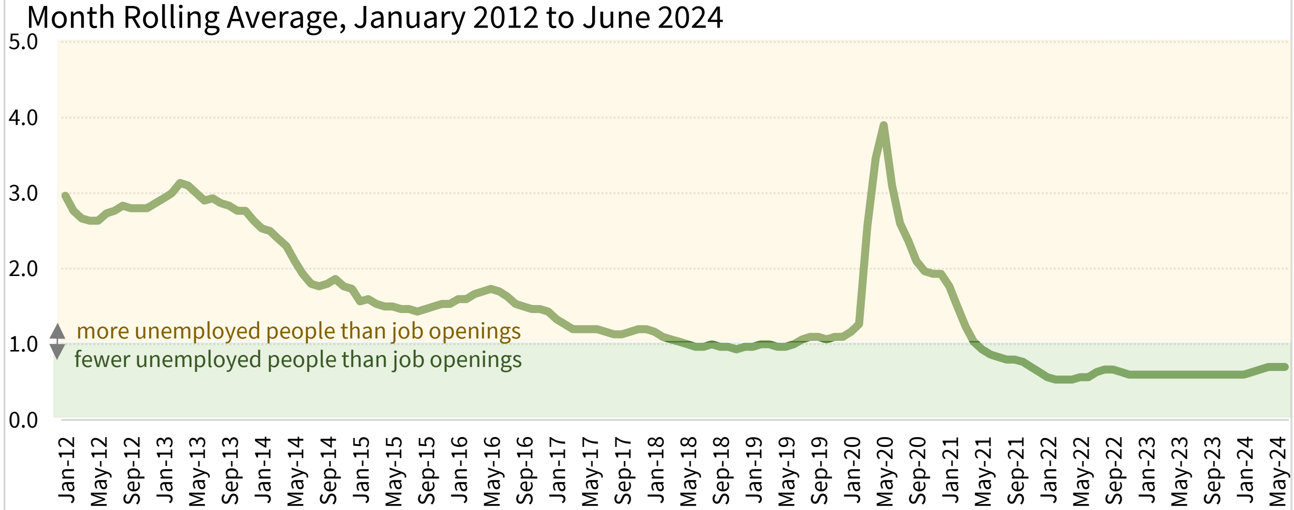
Note: The job openings rate is computed by dividing the number of job openings by the sum of employment and job openings—that is, all filled and unfilled jobs—and multiplying that quotient by 100.
Source: Keystone Research Center based on Job Openings and Labor Turnover Survey data accessed from Bureau of Labor Statistics data releases, https://data.bls.gov/cgi-bin/dsrv?jt.

Coupled with the relatively higher job openings rate, the June 2024 JOLTS report marks the 38th consecutive month (starting in May 2021) that Pennsylvania has had more job openings than unemployed workers (Figure 12).

Figure 12

There Are Fewer Unemployed Workers Than Job Openings in PA

Pennsylvania Total Nonfarm Unemployed-Workers-to-Job-Openings Ratio, Three-Month Rolling Average, January 2012 to June 2024



Source: Keystone Research Center based on Job Openings and Labor Turnover Survey data accessed from Bureau of Labor Statistics data releases, https://data.bls.gov/cgi-bin/dsrv?jt.

Wages

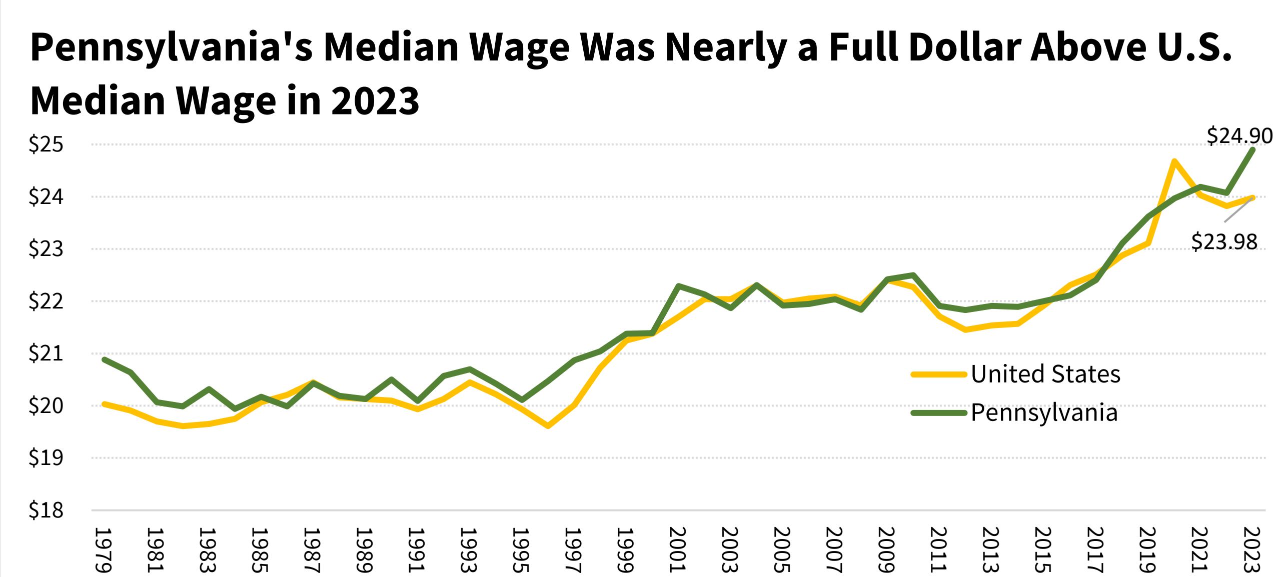
Pennsylvania wages rose faster than inflation over the past decade and even did so from 2019 to 2022 when inflation spiked in the pandemic (except at the 90th percentile; Table 1). Workers in the bottom 30% of the earnings distribution saw the highest percent wage gains from 2013 to 2023, 17% to 22%. Between 2019 and 2023, since before the pandemic, the bottom 30% of PA earners saw their wages rise around 10% after accounting for inflation (Table 1).

Table 1

PA Wages by Percentile, 2013–2023 (In Inflation Adjusted 2023 Dollars)									
	Percentile								
Year	10	20	30	40	50	60	70	80	90
2013	$10.78	$13.22	$15.89	$19.01	$21.91	$25.46	$30.36	$37.77	$50.55
2019	$11.91	$14.38	$16.89	$20.10	$23.62	$27.46	$33.40	$41.87	$57.35
2020	$12.05	$15.31	$17.84	$21.10	$23.97	$29.39	$34.44	$43.50	$58.95
2022	$12.60	$15.71	$18.25	$20.78	$24.07	$28.27	$34.22	$43.05	$57.34
2023	$13.00	$16.05	$18.56	$21.02	$24.90	$28.81	$34.52	$43.16	$57.72
% Change 2013-19	10.5%	8.8%	6.3%	5.7%	7.8%	7.9%	10.0%	10.9%	13.5%
% Change 2019-22	5.8%	9.2%	8.1%	3.4%	1.9%	2.9%	2.5%	2.8%	0.0%
% Change 2022-23	3.2%	2.2%	1.7%	1.2%	3.4%	1.9%	0.9%	0.3%	0.7%
$ Change 2013-23	$2.22	$2.83	$2.67	$2.01	$2.99	$3.35	$4.16	$5.39	$7.17
Source: Keystone Research Center based on Current Population Survey data accessed through Economic Policy Institute Data Library.									

Median-wage workers in Pennsylvania enjoyed a $2.99 per hour inflation-adjusted wage boost over the past decade, including an 83 cent per hour increase in 2023 alone, the last year for which we have data. Figure 13 shows Pennsylvania's median wage as a percentage of the United States median wage. In 2023, the Pennsylvania median wage was $24.90, or 104% of the national median wage (which was $23.98), marking Pennsylvania's highest median relative to the United States since 1997.

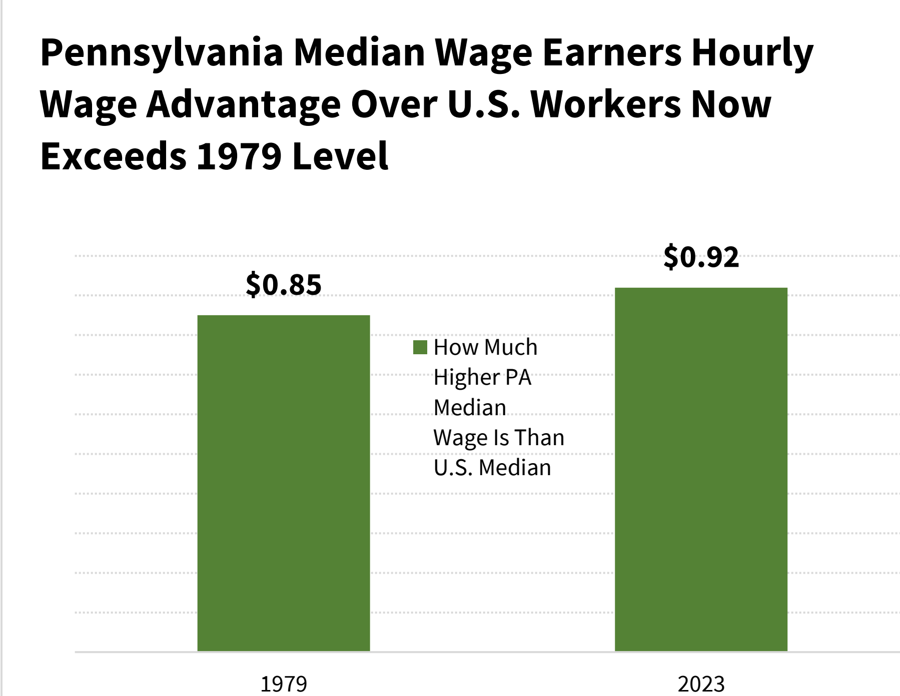
Figure 13



Source: Current Population Survey data provided by the Economic Policy Institute.

Relative to their national counterparts, Pennsylvania median-wage workers now find themselves in a similar position to 34 years ago (in 1979), just before the massive loss of steel and other manufacturing jobs brought a decade of downward mobility. Pennsylvania median-wage workers now earn nearly a dollar per hour more than U.S. median-wage workers (Figure 14).

Figure 14



Source: Keystone Research Center analysis of Current Population Survey microdata provided by the Economic Policy Institute.

Wage Trends by Demographic Group

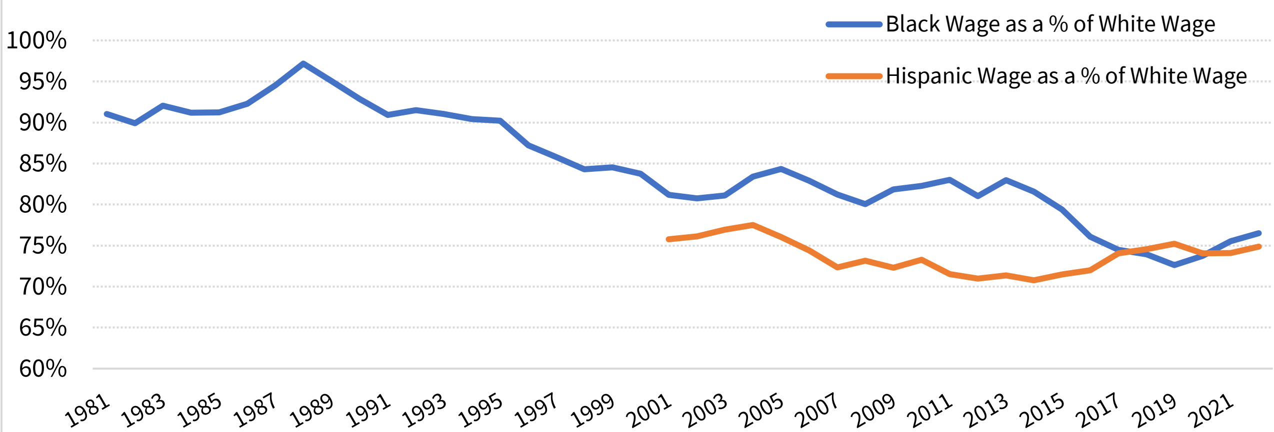
Steady wage gains for Pennsylvania workers throughout the earnings distribution in the past decade have been accompanied by progress for demographic groups who earn less than white male workers—people of color and women. Some blue-collar workers who experienced downward mobility starting in the 1980s have also experienced their most sustained wage gains in 34 years.

Wages for Black and Hispanic Pennsylvania workers ticked up to 80% and 79% of white wages in 2023, up from 76% and 74% in 2022, respectively. (Figure 15 shows a three-year average of Black and Hispanic earnings as a percent of white earnings. Since 2023 is not shown by itself, the most recent percent in the figure is below the 80% and 79% for 2023 alone.) For Black workers, recent relative progress followed a big drop in wages compared to whites since the mid-1990s. From 90%-97% of white workers' wages from 1979-1995, Pennsylvania Black workers' wages plunged to a low of 72% of white hourly earnings in 2018. Hispanic workers' earnings, only available since 2001 because of small sample sizes, dropped to a low of 71% of white wages in 2014 before climbing back now to the 2023 figure of 79%.

Figure 15

Black and Hispanic Pennsylvanians' Median Wages Reach 80% of White Median Wage in 2023

3 Year Average of Black and Hispanic Median Wages as a Percent of White Median Wage, 1979-2023



Source: Keystone Research Center based on Current Population Survey (CPS) microdata accessed from Economic Policy Institute Data Library at: https://swx.epi.org/

Figure 16 shows that a gender pay gap persists in Pennsylvania but also that Pennsylvania women's median hourly wage of $22.28 climbed to 85% of men's median wage in 2023, the highest point in the 34 years for which we have data (and probably the highest point ever). Recent gains for Pennsylvania women have brought them even relative to men with women nationally.

Figure 16

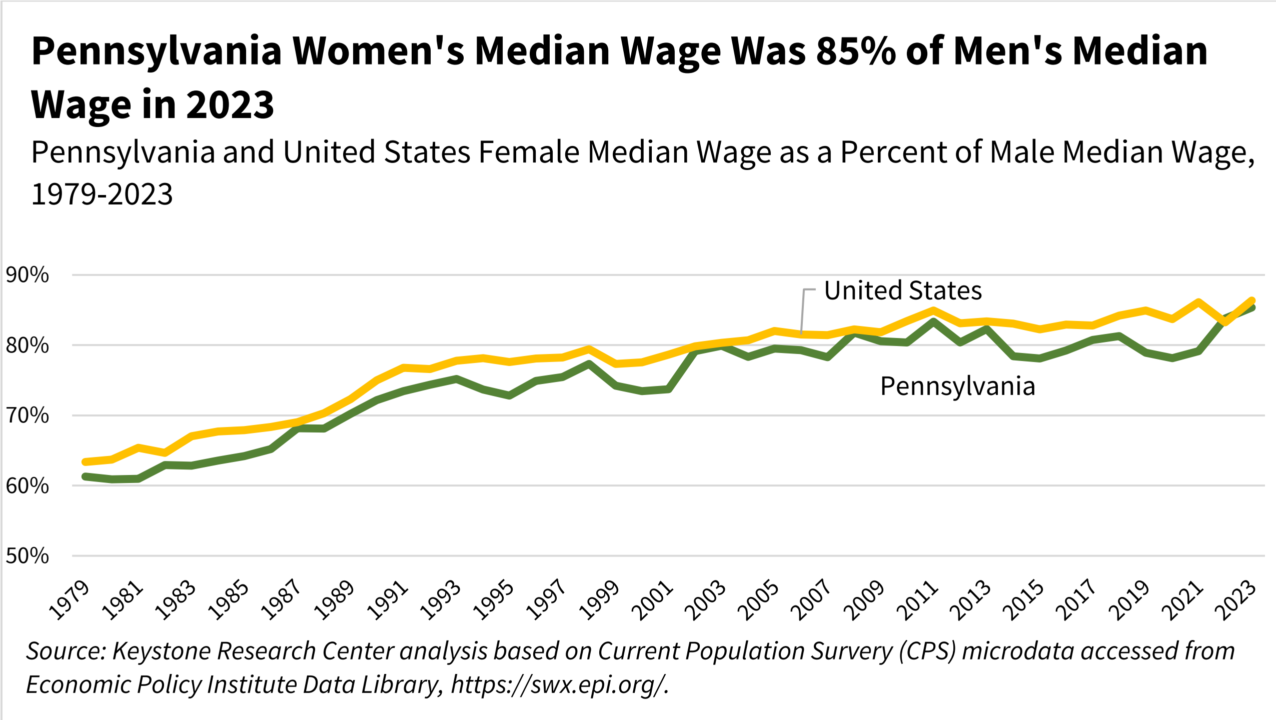
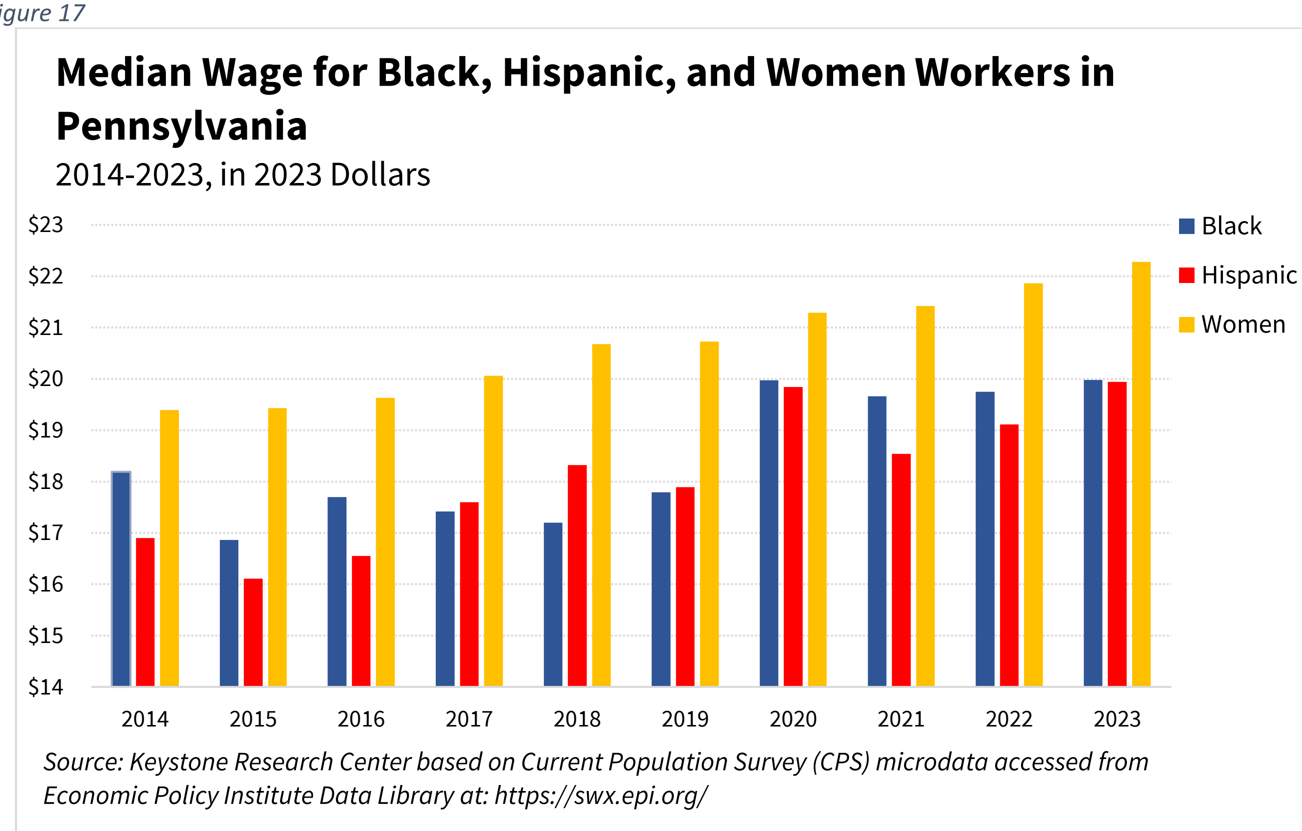


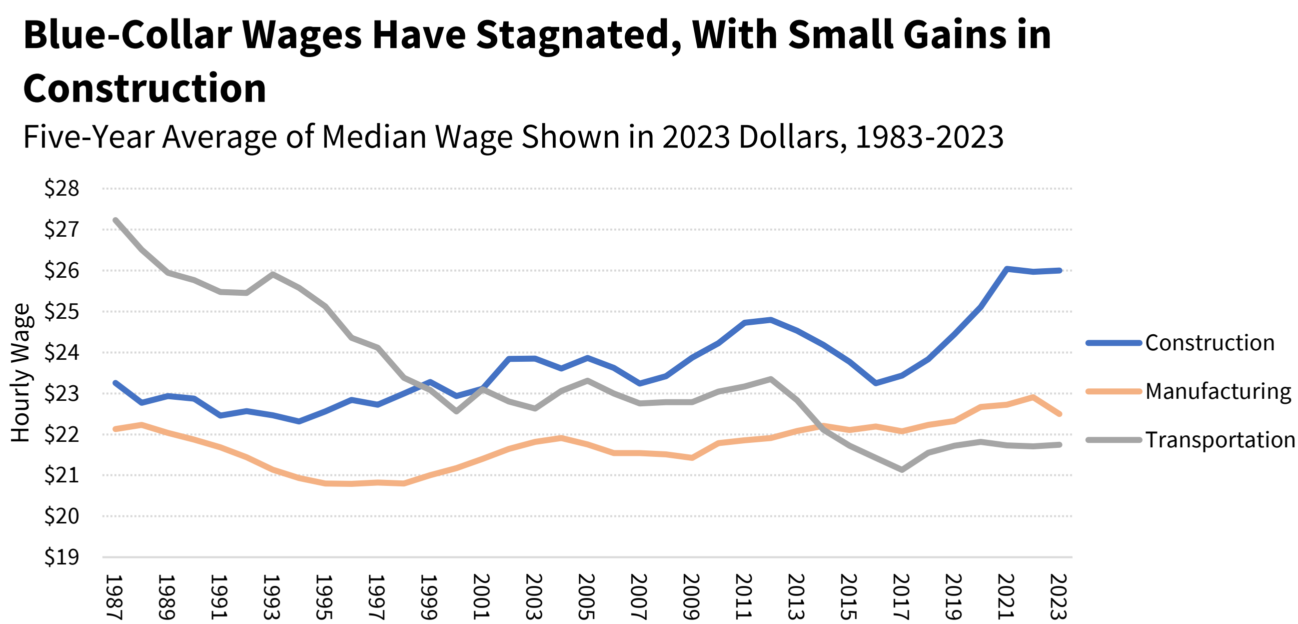
Figure 17 shows the inflation-adjusted median wage (2023 dollars) for Pennsylvania's Black, Hispanic, and Women workers sine 2014. From the beginning to the end of the period, Hispanic workers experienced a $3.04 per hour increase, women a $2.89 per hour increase, and Black workers a $1.79 per hour increase.

Figure 17



In Pennsylvania, even more than nationally, the downward mobility of non-college factory workers, truck drivers, and construction trades in the 1980s has contributed to a sense of grievance among once high-paid blue-collar workers. Members of these groups perceive bipartisan public policies, including deregulation of the trucking industry and trade liberalization in the manufacturing sector, to have triggered their economic struggles and policymakers to have done nothing to help blue-collar workers when they lost jobs and experienced wage declines. Figure 18 shows a five-year average of the wages of non-managerial workers in the construction, manufacturing, and transportation industries since 1983. (Because this is a five-year average, 1987 means the average for 1983-87, 2023 means the average wage for 2019-23, etc.) The first part of Figure 18 shows the plunge in hourly wages for blue-collar transportation workers especially, and for manufacturing workers, and wage stagnation for construction workers. (If we had data starting in 1979 and earlier for the construction industry, the wage declines in the first part of the figure would likely be substantially larger.) The last decade of Figure 18 shows some recovery in wages, especially for construction workers.

Figure 18



Note: Blue-Collar employees include all workers in an industry except for managers and professionals as classified by the Current Population Survey.
Source: Keystone Research Center Analysis of Current Population Survey Outgoing Rotation Group microextract data provided by the Economic Policy Institute

Policies may have contributed to the slight improvement in wage trends for blue-collar workers. In manufacturing, there has been a bipartisan retreat from support for trade liberalization in the last decade, complemented under President Biden by strengthening of Buy America policies and investment in manufacturing innovation.

Out of the three blue-collar groups in the previous figure, construction was the only industry in which the wages of blue-collar workers held steady in the 1980s and 1990s. One likely contributing factor: union density has been stable in Pennsylvania construction since about 1990. Unions represent nearly a quarter of all Pennsylvania construction workers. Among construction trades occupations in non-

residential construction, union density is likely closer to 55-60%. In the past decade, the huge cracker plant opening in Beaver County and then the passage of the Bipartisan Infrastructure Law (BIL) may have contributed to wage progress. Unless reversed, federal infrastructure, climate, and innovation investments that include strong labor standards (e.g., prevailing wage laws and support for union rights on federal projects) could sustain progress for blue-collar workers, especially construction workers and, to some extent, manufacturing workers.

Minimum Wage

Twenty states including Pennsylvania have a minimum hourly wage at the federal minimum wage level—a paltry $7.25 an hour—or, in some southern states, no state minimum wage at all.[7] The Pennsylvania and United States $7.25 per hour minimum now almost exactly match the poverty wage ($7.24 per hour) for a single individual—the amount that a single individual needs to earn per hour for 52 40-hour work weeks to reach a poverty income.[8] The lowest "living" wage needed to scrape by in any PA county for a single adult with zero children is over two-and-half times higher, $18.59 per hour.[9] Nearly a third of Pennsylvania workers earn below this wage level (see Table 1 above).

As shown in the most recent annual report of the Pennsylvania Minimum Wage Advisory Committee, about 403,000 Pennsylvania workers earned at or below $12 per hour in 2023.[10] Another 467,000 earned $12-$15, within the range that would benefit directly from a minimum wage increase to $15 per hour. Research by the Keystone Research Center and others shows that women and people of color would benefit especially from a minimum wage increase because they make up a disproportionate share of the lowest-paid workers in our Commonwealth.[11] Just over 60% of those who would benefit from an increase to $15 per hour by 2026 would be women, and just shy of one-third who benefit would be people of color (31.4%). In total, an estimated 1.35 million Pennsylvania workers would benefit from a minimum wage increase to $15 per hour in Pennsylvania, including large numbers of people in every demographic. About 923,000 white workers, 529,000 men, and 344,000 white men would benefit.

Every state that borders Pennsylvania pays a higher minimum wage, with New York, New Jersey, and Maryland paying workers at least $15 per hour. Pennsylvania workers have watched as 30 states and the District of Columbia have raised their minimum wage—some, many times. Progress has stalled on the minimum wage in the Pennsylvania legislature for a decade and a half, despite repeated proposals for

---

[7] For the minimum wage in each state, see Economic Policy Institute, "Minimum Wage Tracker," https://www.epi.org/minimum-wage-tracker/.

[8] For the poverty income in 2024 for different numbers of people in a family, see Department of Health and Human Services, "Federal Poverty Level," https://www.healthcare.gov/glossary/federal-poverty-level-fpl/.

[9] Researchers at MIT estimate a "living" wage for each Pennsylvania county, that is, a wage high enough to lift a worker off of antipoverty supports, but still low enough to not allow for a single dollar in entertainment, savings, or eating prepared foods. Northumberland county currently has the lowest living wage of any PA county--$18.59 per hour for one fulltime working adult with zero children. https://livingwage.mit.edu/counties/42097.

[10] Pennsylvania Minimum Wage Advisory Board, "Analysis of the Pennsylvania Minimum Wage," March 2024, p. 10; https://www.workstats.dli.pa.gov/Documents/Minimum%20Wage%20Reports/Minimum%20Wage%20Report%202024.pdf. Pennsylvania Senate Republican Mark Laughlin in May 2023 proposed an increase in the Pennsylvania minimum wage to $11 per hour beginning in January 1, 2024. (See Senator Dan Laughlin, "Senator Laughlin Introduces Minimum Wage Legislation," May 31, 2023; https://www.pasenategop.com/news/sen-laughlin-introduces-minimum-wage-legislation/.

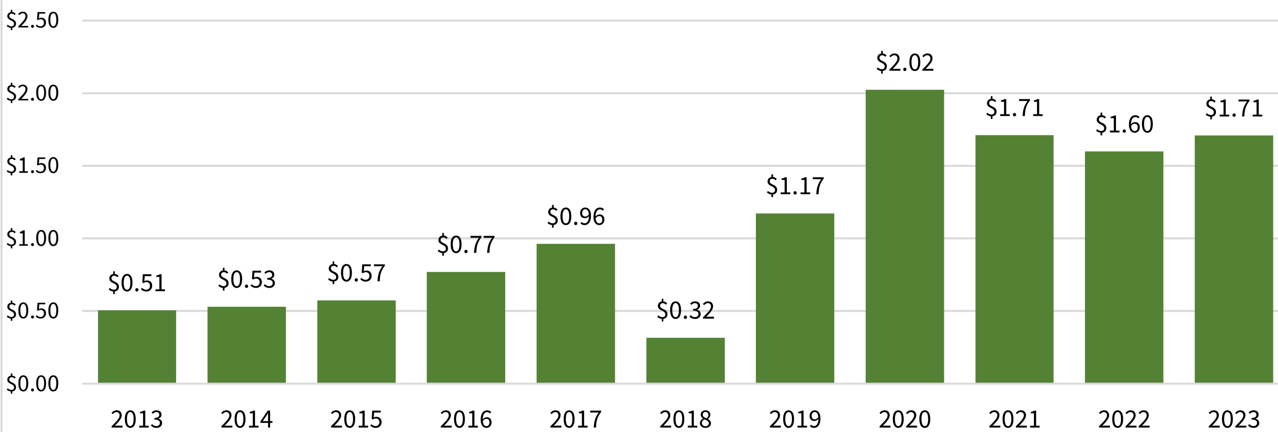
[11] See Claire Kovach, "Who Benefits? The Demographic of a Higher Minimum Wage in Pennsylvania," February 1, 2024; https://keystoneresearch.org/wp-content/uploads/WhoBenefits_15by2026.pdf. For the demographics of who benefits by county and legislative district, see https://keystoneresearch.org/fact-sheets/.

increases from Democratic Governors and support for an increase from virtually all Democrats. Meanwhile, with the minimum wage still stuck at $7.25 per hour, too many Pennsylvania workers struggle to afford the basics and anti-poverty assistance effectively subsidizes low-wage employers. Our lawmakers' failure to increase the minimum wage makes a big difference for Pennsylvania workers earning low wages. Figure 19 shows the dollar difference between PA's 10th percentile earners and their counterparts in adjacent states of New York, New Jersey, and Maryland since these states began increasing their minimum wage (with New York going first starting in 2013). In 2023, Pennsylvania workers were paid $1.71 per hour less than workers in these three neighboring states. For a full-time, full-year worker, $1.71 per hour adds up to $3,567. That's a substantial amount of money for a low-income family.

Figure 19

Pennsylvania's Low Paid Workers Made $1.71 Per Hour Less Than Their Regional Counterparts in 2023

Dollar Difference of a Three-State Region and Pennsylvania's Bottom 10th Percentile Wages, 2013-2023



Note: States included in the neighboring regions are New York, New Jersey, and Maryland. Weighted regional wages are based on seasonally adjusted total nonfarm jobs numbers from the Current Establishment Survey, Table 5, http://www.bls.gov/news.release/laus.t05.htm, provided by the Economic Policy Insitute.
Source: Keystone Research Center analysis of Current Population Survey microdata accessed from the EPI State of Working X Data Library.

Inflation

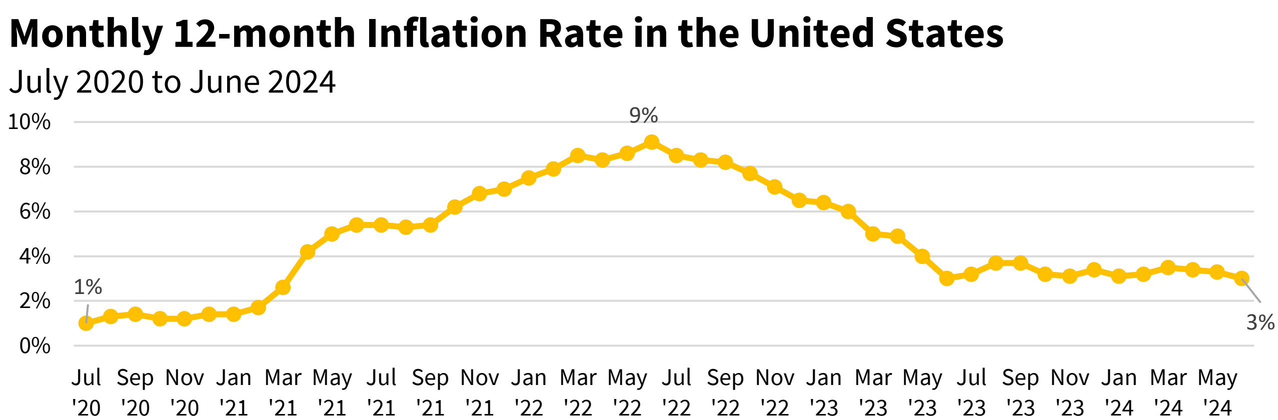
When surveyed about national issues, Americans point to inflation as a top concern. In May 2024, for example, 62% of American adults surveyed considered inflation a "very big problem."[12] The recent news on U.S. inflation, however, has been consistently positive. As Keystone Research Center (and many others) predicted (KRC in the 2022 "State of Working Pennsylvania), high inflation has proved to be temporary. With supply chain bottlenecks and corporate price gouging—large contributors to the

[12] Pew Research Center, "Public's Positive Economic Ratings Slip; Inflation Still Widely Viewed as Major Problem," May 23, 2024; https://www.pewresearch.org/politics/2024/05/23/publics-positive-economic-ratings-slip-inflation-still-widely-viewed-as-major-problem/.

temporary inflation in the pandemic—having abated, inflation has come back down. (From July 2020 to June 2024, inflation rose by 21%. In the nearly identical time frame, corporate profits rose 80%.[13])

Figure 20 shows the 12-month average inflation rate—this is the number that newspaper headlines focus on most with each monthly update on inflation—over the past four years. The rate cooled rapidly since its June 2022 peak, falling to 3% last summer and consistently hovering in the vicinity since then. The 12-month average inflation rate is likely to remain below 3% when we receive the next two monthly updates on September 11 and October 10.[14] We can predict that because each new 12-month average consists of 11 monthly changes already part of the previous month's 12-month average and a switch out of the change 12 months previous for the newest month of data. The July to August 2023 change in the CPI (an annual rate increase of 6.3%) and the August to September 2023 change (an annual rate increase of 4.4%) both exceed the recent trend of monthly rate changes. If that holds up, the early September and early October inflation updates will continue the recent good news.

Figure 20



Source: Keystone Research Center based on Bureau of Labor Statistics Consumer Price Index for All Urban Consumers, Table 1, July 2023

Global and Historical Context

The current U.S. inflation rate of 3% is right in the middle among countries with similar economies. Among the G20 countries, the U.S. ranks 9th for current inflation rate, just above Japan and Spain (2.8%) and below neighboring Mexico (4.98%).[15] In Figure 21, as explained in the source note, we exclude two high-end outliers, which would make it hard to see differences among the 17 counties with much lower inflation than the two outliers. As well as having inflation rates currently close to that in the United

---

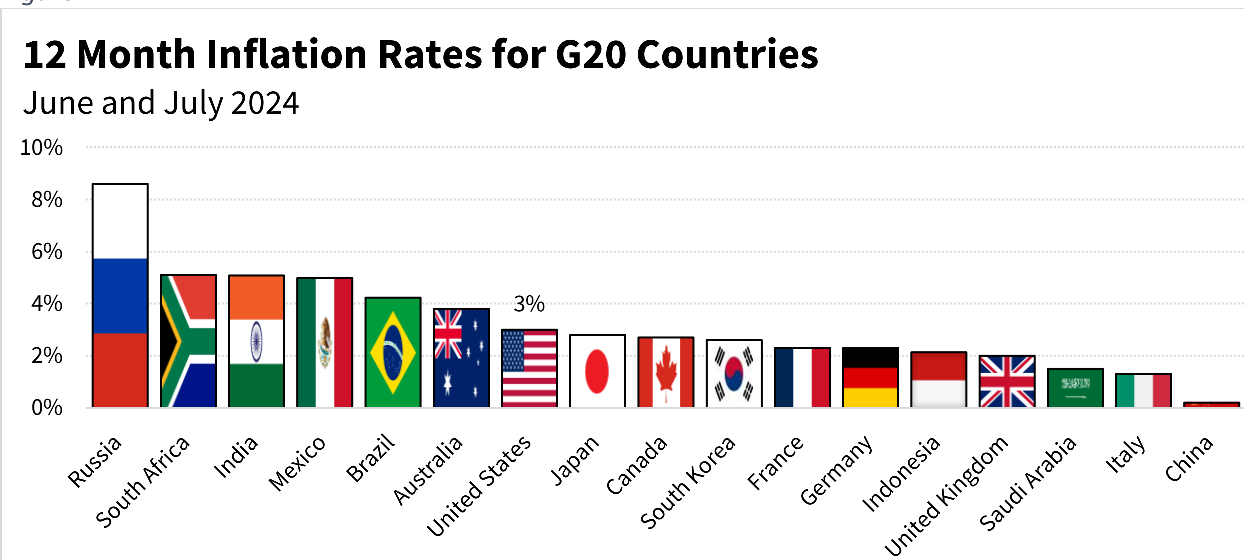
[13] U.S. Bureau of Economic Analysis, National income: corporate profits before tax. Federal Reserve Bank of St. Louis table at https://fred.stlouisfed.org/graph/?g=1aF9q. Kansas City Federal Reserve Bank economists estimate that corporate profits accounted for all the inflation in the first year of the pandemic recovery (roughly July 2020 to July 2021) and 41 percent of inflation overall in the first two years of the post-pandemic recovery (July 2020 to July 2022). See Andrew Glover, José Mustre-del-Río, and Jalen Nichols, "Corporate Profits Contributed a Lot to Inflation in 2021 but Little in 2022—A Pattern Seen in Past Economic Recoveries," *Kansas City Federal Reserve Bank Economic Bulletin*, May 12, 2023; https://www.kansascityfed.org/Economic%20Bulletin/documents/9526/EconomicBulletin23GloverMustredelRioNichols0512.pdf.

[14] For the schedule of monthly updates on inflation, see U.S. Bureau of Labor Statistics, "Schedule of Releases for the Consumer Price Index;" https://www.bls.gov/schedule/news_release/cpi.htm.

[15] Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Türkiye, United Kingdom, and the United States.

States, the advanced countries most economically like the United States experienced similar inflation trajectories throughout the pandemic and continued recovery. Given the combination of low inflation and low unemployment in the United States currently, and the rapid recovery of all the jobs lost in the pandemic (see the discussion of jobs above), federal fiscal policies over the past four-and-a-half years clearly worked. They achieved the proverbial “Goldilocks standard”—not too hot, not too cold, just right. Moreover, while rising U.S. unemployment rates recently have increased concerns about federal interest rate policy becoming too contractionary, Federal Reserve Chair Jerome Powell has now signaled that interest rate cuts will come in September.[16] With luck, we can achieve a “soft landing” and maintain steady economic growth with low unemployment rates.

Figure 21

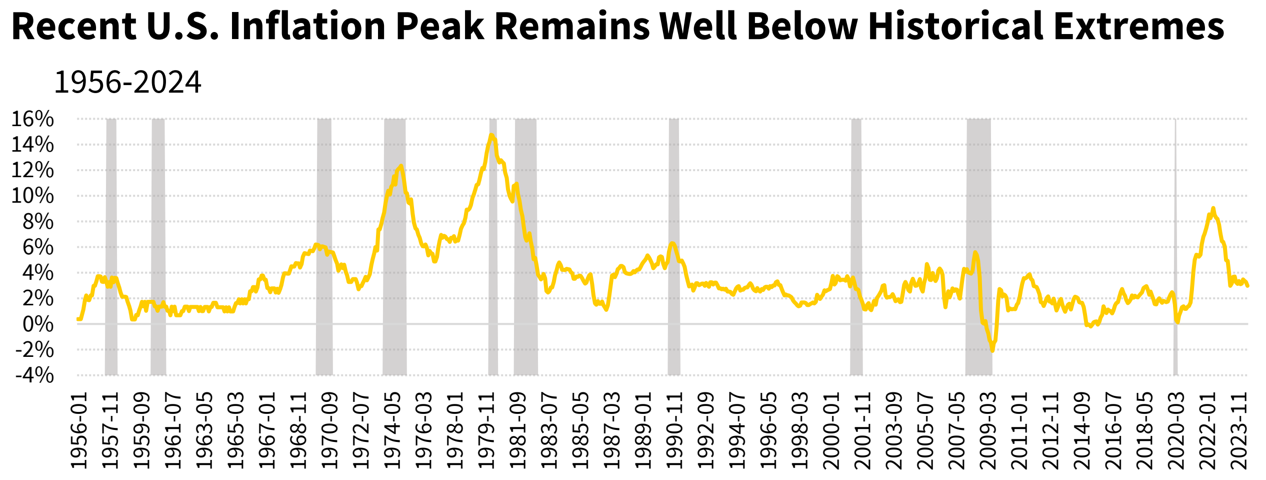


Note: For ease of comparison, Argentina and Turkey have been excluded due to their outlier inflation rates of 272% and 62%, respectively. Due to reporting differences, data represent either June or July 2024.
Source: Trading Economics Inflation Rate G20 by Country, https://tradingeconomics.com

Figure 22 shows U.S. inflation trends going back nearly 70 years to 1956. It shows that the United States has had only one period of steady rising and sustained inflation. (Our 2022 “State of Working Pennsylvania” explained structural differences between the 1970s economy and today’s economy which make sustained inflation much less likely today—hence our expectation that inflation would come back down below 3%.)

[16] “Fed Chair Powell Signals ‘Time Has Come’ for September Rate Cut”, New York Times, August 23rd 2024. https://www.nytimes.com/2024/08/23/business/economy/fed-rates-powell-jackson-hole.html

Figure 22



Note: Grey bars indicate recessions.
Source: Keystone Research Center Analysis of OECD Consumer Price Index data, monthly national growth rate over one year, https://data-explorer.oecd.org. Recession indicator series are from the Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/release?rid=242.

Perceptions of Inflation

The relatively good news on inflation—a brief spike followed by a return to below 3%—raises the question of why inflation has remained prominent in the public's mind. One contributing factor is politics: the conservative message machine has been unrelenting in its effort to convince Americans that inflation is out of control and it's President Biden's fault. Particularly with conservative Americans, the high-inflation narrative of right-wing media has been effective.[17] Moreover, with all the good news on other indicators for working families—high job growth, low unemployment rates, more job openings than unemployed workers, rising real wages—the fact that prices are higher than in 2020 has become the best remaining argument of those who want to claim federal policies in the past four years have not worked.

The "staying power" of inflation concerns likely also relates to the fact that so many U.S. and Pennsylvania workers and families struggle to make ends meet. Moreover, the modest gains of the past decade that this report documents follow three decades of income and wage stagnation. By contrast, when inflation spiraled upwards in the 1970s, most Americans had seen their living standards double in the previous two-plus decades. Furthermore, as noted, much of the middle class enjoyed guaranteed protection against prices in the form of cost-of-living adjustments in union contracts. These increased workers' wages to exactly offset inflation each year.

[17] Economist and columnist Paul Krugman has documented a growing partisan gap in perceptions of the economy, including inflation. Republicans surveyed recently tend to view their own economic circumstances favorably. But with a Democrat in the White House, they view the overall economy negatively, believing unemployment and inflation are high when the opposite is true. See Paul Krugman, "New Perspectives on the Feel-Bad Economy
Nov. 14, 2023;" https://www.nytimes.com/2023/11/14/opinion/partisanship-economy-polling.html. See also Paul Krugman, "Paul Krugman, "'I'm OK, but Things Are Terrible';"
Sept. 7, 2023 https://www.nytimes.com/2023/09/07/opinion/economy-inflation-negativity.html.

Another factor that elevates inflation concerns: rising prices of necessities matter the most to families living paycheck-to-paycheck. The fact that smart phones and computers keep delivering more power and features for the same or lower prices won't pay the rent or put food on the table. When the prices for food staples—eggs, bananas, chicken—rent, gasoline, prescription drugs, or childcare spike, it can overshadow the benefits of wage gains that exceed the overall inflation rate.[18] The prices of groceries may especially drive consumers' perceptions because people shop for groceries every few days as opposed to every few years or decades for items such as cars and houses.

When it comes to necessities, the last two years have produced some good news to offset the price hikes of 2020-21 that often resulted from corporate price gouging. Since June 2022, apple prices have fallen 8.1%, milk has fallen 3%, and fuel oil has experienced a price drop of 36%.[19] One dozen eggs cost $4.83 at their recent peak in early 2023 but dropped to $2.75 by June 2024, a price lower than we paid in the fall of 2015 when a dozen eggs cost $2.96.[20] Gasoline prices rose to $5 per gallon in June 2022 but back down to $3.60 per gallon in the most recent data.[21]

Some progress made on inflation of necessities recently appears to stem from corporations concluding they overreached in their pandemic profiteering. After the Biden administration called on large corporations to help lower the costs that American families face at grocery, Target, Aldi, and Walmart pledged to lower prices on thousands of staple items.[22]

If prices of necessities matter most to middle-class households, a central policy question related to inflation becomes *how can we lower the prices of the basics, and therefore, the cost-of-living for those families?*[23]

The State of Union Membership

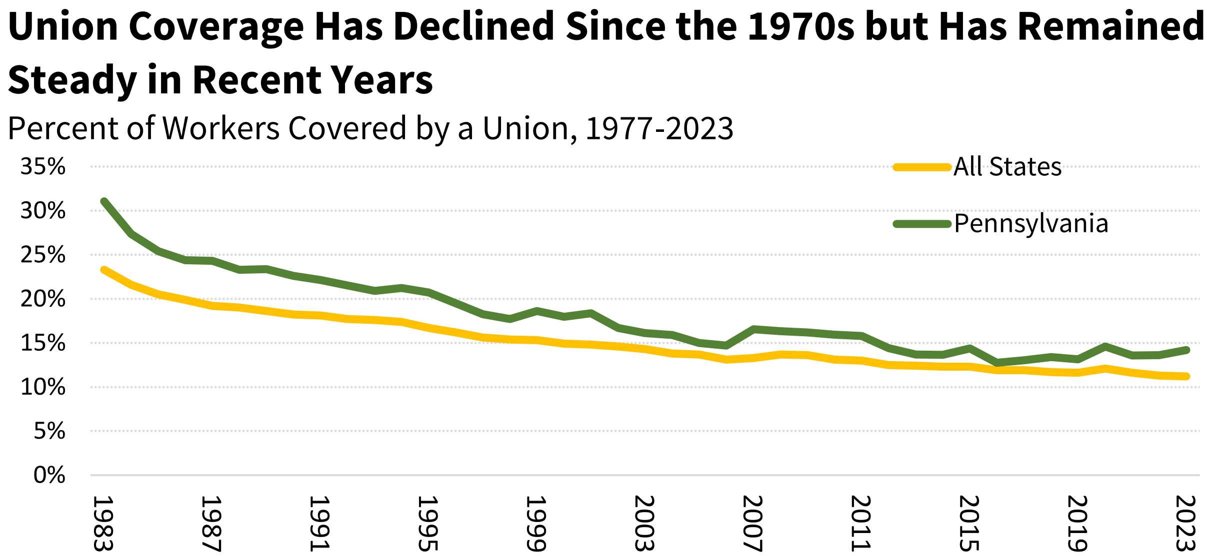
In recent years, two-thirds or more of Americans surveyed by Gallup reported that they approved of labor unions—67% in 2023 and 71% in 2022.[24] (We expect Gallup to release its 2024 union approval rating a few days after the release of "The State of Working Pennsylvania 2024.") In both Pennsylvania and nationally, rising union approval ratings have been accompanied by a slowing in the decline of union

---

[18] Average Retail Food and Energy Prices, U.S. City Average and Northeast Region, https://www.bls.gov/regions/mid-atlantic/data/averageretailfoodandenergyprices_usandnortheast_table.htm
[19] Bureau of Labor Statistics' Current Population Survey (CPS) public data series from the Economic Policy Institute here: https://www.epi.org/blog/prices-have-fallen-in-key-sectors-since-inflation-peaked-in-2022/
[20] Staple price data are from U.S. Bureau of Labor Statistics Average Retail Food and Energy Prices, U.S. City Average and Northeast Region release. https://www.bls.gov/regions/mid-atlantic/data/averageretailfoodandenergyprices_usandnortheast_table.htm
[21] Gasoline prices, less in nominal terms than many months from April 2011 to June 2014, and 25% to 40% less in inflation-adjusted dollars. https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?f=m&n=pet&s=emm_epm0_pte_nus_dpg
[22] "Grocers are finally lowering prices as consumers pull back" https://www.washingtonpost.com/business/2024/05/24/grocery-prices-falling/
[23] The Biden Administration outlines its efforts to lower costs at this link: https://www.whitehouse.gov/lowering-costs/#:~:text=Build%202%20million%20new%20homes,than%20half%20a%20million%20households.
[24] Union approval rates are from Gallup polling, https://news.gallup.com/poll/12751/Labor-Unions.aspx

membership as a share of workers.[25] In Pennsylvania in 2023, in fact, overall union coverage rose more than half a percentage point to 14.2% (Figure 23).

Figure 23



Source: Keystone Research Center analysis of Current Population Survey data, unionstats.com, copyright 2024 by Barry T. Hirsch, David A. Macpherson, and William E. Even.

A 64,000 increase in private union membership outside of manufacturing and construction drove Pennsylvania unions' gains in 2023 (Figure 24). Across the state, a cross-section of service workers became part of Pennsylvania's labor movement: baristas, bakers, porters, drivers, warehouse workers, museum staff, nurses, therapists, child advocates, dispensary staff, and more.[26] At Penn Medicine in early May 2023, for example, residents and fellows at the University of Pennsylvania Health System voted to unionize with 89% approval.[27] Across Pennsylvania, as many as 11,800 employees may be members of the United Steelworkers by later this year. Some 3,300 University of Pittsburgh faculty joined the United Steelworkers union in 2021 and approved their first contract in May of this year.[28] Another 6,300 Pitt staff are voting currently. And a further 2,200 graduate students have a union election that will begin in mid-October.[29]

---

[25] Current Population Survey data, unionstats.com, copyright 2024 by Barry T. Hirsch, David A. Macpherson, and William E. Even.

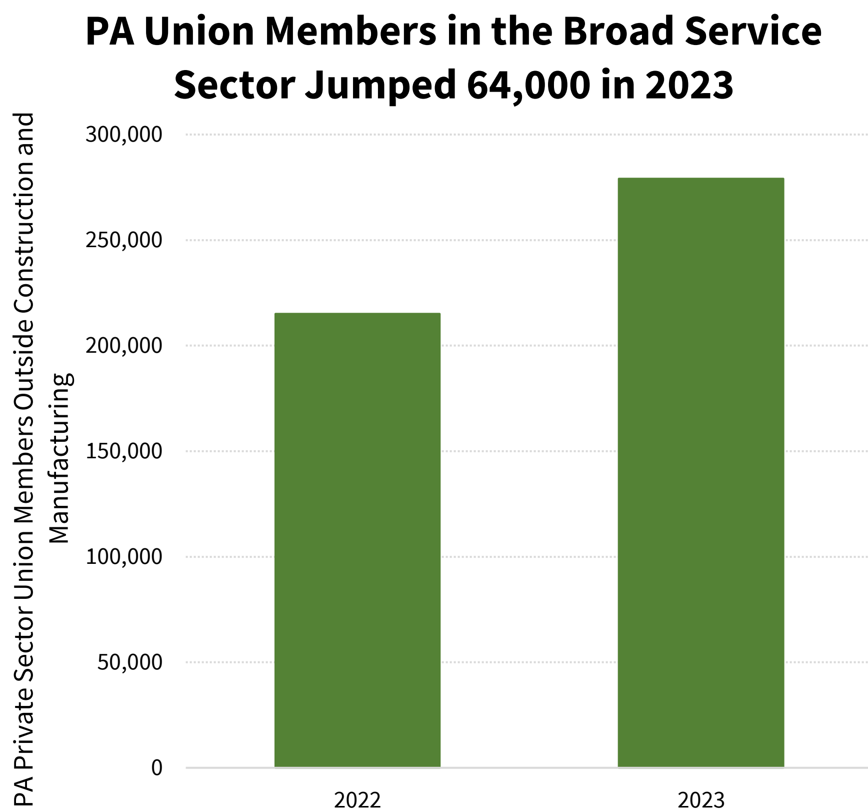
[26] For a list of Philadelphia-area union actions, see: https://www.inquirer.com/jobs/labor/unions-strike-labor-pickets-walkouts-workers-2023-20231228.html

[27] The Philadelphia Inquirer, May 9th 2023: "Penn Medicine residents voted to unionize, creating the biggest new union in Philadelphia in more than 50 years". https://www.inquirer.com/business/health/penn-medicine-residents-fellows-union-20230509.html

[28] Susan Jones, "Staff will begin to vote on joining the United Steelworkers in mid-August," Friday, July 26, 2024; https://www.utimes.pitt.edu/news/staff-will-begin-vote. Another 6,300 full- and regular part-time Pitt staff members from all campuses are eligible to vote in an election taking place now, the votes of which the Pennsylvania Labor Relations Board will start counting on September 25.

[29] Personal communication with the United Steelworkers of America.

Figure 24



Source: Keystone Research Center analysis of Current Population Survey data, unionstats.com, copyright 2024 by Barry T. Hirsch, David A. Macpherson, and William E. Even.

As elaborated in "The State of Working Pennsylvania" in 2022 and 2023, recent organizing in Pennsylvania and across the country shows the potential to spark an organizing wave beyond any we've seen since the New Deal unionism that started in the 1930s.[30] The combination of organizing in giant companies such as Starbucks and Amazon and unionization in inherently local mostly service industries (that cannot relocate because they have to stay near their customers), could bring U.S. union density back towards the 35% peak in the United States that was reached in the 1950s. With respect to the potential to organize the giants of the modern economy, a breakthrough took place in February when

[30] Stephen Herzenberg, Claire Kovach, and Maisum Murtaza, "The State of Working Pennsylvania 2022," August 2022, pp. 28-34; https://keystoneresearch.org/wp-content/uploads/2022_StateofWorkingPA.pdf. Stephen Herzenberg, Claire Kovach, and Maisum Murtaza, "The State of Working Pennsylvania 2023," August 2023, pp. 23-26, https://keystoneresearch.org/wp-content/uploads/KeystoneResearchCenter_SWPA_2023.pdf . For a more extended treatment with references to earlier publications that developed the first versions of these arguments in the 1990s, see Stephen Herzenberg, "Hatching Labor's Phoenix," in *The Many Futures of Work*, Temple University Press, 2021.

Starbucks agreed to negotiate a "framework agreement" with the Service Employees International Union.[31] The two parties are currently in collective bargaining.[32]

Policy

To this point, we have shared that the economic indicators that matter most to working families have largely improved in the last year and the last few years, even if not enough to wash away the bitter taste of decades of unequal growth. We've also suggested that the strength of the recovery from the brief pandemic recession reflects policy choices. First, the federal government provided relief to working families: on a bipartisan basis in two large packages enacted under President Trump; and with Democratic votes only in March 2021 when the American Rescue Plan became law. Then the federal government invested in the future both to sustain economic growth and to achieve the specific payoffs to the investments made—in infrastructure, in lowering carbon emissions, in innovation, and in U.S. competitiveness. Like the first rounds of COVID relief, the infrastructure and innovation laws garnered some Republican support. The nation's historic investment in reducing carbon emissions through the Inflation Reduction Act did not.

Looking forward, what policy options do the two major parties offer voters? Despite a change in the presidential candidate, the Democratic party platform promises policy continuity.[33] It promises to raise wages, including by enacting a federal minimum wage that reaches $15 per hour by 2026. It supports protecting worker rights, in line with a Biden Administration widely seen as the most pro-union at least since President Franklin Roosevelt and possibly ever,[34] and in part by enacting the "Protect the Right to Organize" Act, including the right to organize "secondary boycotts," which can help establish area-wide labor standards in industries, a powerful tool for lifting overall living standards and equity.[35] It supports recognizing unions through "card check"—if a majority of workers sign union cards—and curtailing employers' ability to intimidate workers (e.g., through "captive audience meetings" that supervisors require workers to attend before those workers vote in a union election). On p. 15 (see cite above), the Democratic platform supports attaching wage standards and union right to federal investments so that

[31] Noam Scheiber, "Starbucks and Union Agree to Work Out Framework for Contract Talks," *The New York Times*, February 27, 2024; https://www.nytimes.com/2024/02/27/business/economy/starbucks-workers-united-union.html. Currently, across the country, Starbucks workers at 482 stores across the country have voted to unionize, a total of 11,257 new union members; https://unionelections.org/data/starbucks/.

[32] The company has a website with updates at https://one.starbucks.com/. See, for example," Starbucks and Workers United Continue to Make Progress at the Bargaining Table," August 2, 2024; https://one.starbucks.com/negotiations/starbucks-and-workers-united-to-resume-bargaining/.

[33] "2020 Democratic Party Platform," approved by the Democratic National Convention on August 18, 2020; https://democrats.org/where-we-stand/party-platform/. On wage policies and workers' rights, see pp. 14-16.

[34] President Biden used both the "bully pulpit"—"good union jobs" was one of his most commonly used phrases—and his executive authority extensively to strengthen union rights. For details on the impact of his appointments to the National Labor Relations Board, see Lynn Rhinehart, Celine McNicholas, and Margaret Poydock, "The Biden board: How President Biden's NLRB appointees are restoring and supporting workers' rights," May 1, 2024; https://www.epi.org/publication/bidens-nlrb-restoring-rights/.

[35] For more on the PRO Act and on the importance to shared prosperity of federal reforms that facilitate union organizing and bargaining on an industrywide basis in non-mobile industries, see Stephen Herzenberg, "Chapter 8. Decent Work and Economic Growth," in John C. Dernbach and Scott Schang (eds), *Governing for Sustainability*, Environmental Law Institute, May 2023; https://www.eli.org/eli-press-books/governing-sustainability.

"taxpayer dollars should never flow to employers who steal workers' wages, violate labor laws, engage in union-busting, or exploit immigrant workers to depress working conditions for all workers."

The official Republican party platform, by contrast, does not mention the words "union," "minimum wage," "prevailing wage laws" (used to ensure decent pay on federally funded construction projects), or "climate."[36] The clear implication: raising wages, strengthening unions, and attaching labor standards to federal investments are not priorities.

Because the official Republican Party Platform does not explicitly address core issues that impact workers (except for trade), many observers have pointed to the Heritage Foundation's "Project 2025" as the best way to anticipate presidential policies under a second President Trump term.[37] The project's conservative plan for retaking the federal government in a comprehensive and strategic way runs to 953 pages, counting the pages at the front of the report (through page "xi").

An article in the magazine *Forbes*, a mainstream business publication founded by the family of former Republican presidential candidate Malcolm Forbes, calls the "Project 2025" manifesto "the authoritarian playbook" and adds that "Every American should understand Project 2025 and its potential long-term impacts."[38] The articles says that the Project 2025 vision would "widen systemic inequities in the workplace" by "gutting" diversity, equity, and inclusion programs and prohibiting the collection of data on equal opportunity. It adds that "Project 2025 wants to dismantle workers' rights to organize via unions and proposes that employees instead be provided a less powerful alternative called 'employee involvement organizations.'" According to the Center for American Progress, the policies in the playbook would cut Social Security, allow employers to avoid overtime pay, undermine the right to organize and bargain collectively, weaken child labor protections, and make it easier for employers to discriminate.[39]

Examining the mammoth Project 2025 report itself, we find that—like the Republican national platform—it does not mention the words "minimum wage." It explicitly supports eliminating the federal (Davis-Bacon) prevailing wage law and disallowing project labor agreements on federal construction (p. 604 and p. 758). These policies would lower construction workers' wages on federal projects and lower construction workers' wages more broadly because of the impact on the overall industry of wages and benefits on federal construction. In addition to favoring "employee involvement," in which workers' organizations would not be independent of management, the report favors eliminating union rights for workers connected with "national security," interpreted broadly. It adds (p. 82) that "Congress should also consider whether public-sector unions are appropriate in the first place." Chapter 22 of the Project

---

[36] 2024 Republican Party Platform, "Make America Great Again," July 8, 2024; https://www.presidency.ucsb.edu/documents/2024-republican-party-platform.

[37] Paul Dans and Steven Groves (eds), *Mandate for Leadership: The Conservative Promise*, Project 2025 Presidential Transition Project, the Heritage Foundations, 2023; https://www.project2025.org/playbook/.

[38] Janice Gassam Asare, "3 Ways Project 2025 Will Impact American Workplaces," *Forbes*, July 8, 2024; https://www.forbes.com/sites/janicegassam/2024/07/08/three-ways-project-2025-will-impact-american-workplaces/.

[39] Colin Seeberger, "Project 2025's Plan To Gut Checks and Balances Harms American Workers," August 12, 2024; https://www.americanprogress.org/article/project-2025s-plan-to-gut-checks-and-balances-harms-american-workers/.

2025 report proposes tax changes to lower marginal tax rates and reduce the cost of capital. Like the tax cuts in President Trump's first term, this would benefit the rich and corporations.[40]

In closing, speaking as economists and public policy analysts, we think that these two policy approaches would have profoundly different impacts on Pennsylvania workers. The first could lock in a vibrant economy with opportunity for all, one in which all working families finally "feel" the benefits. The second policy approach would go back to policies that make it harder for workers and families to succeed. It would snap the United States back to the extreme inequality that characterized our economy for the first three decades after President Reagan took office. This November, Pennsylvanians will make their choice among these two approaches.

[40] For an overview of estimates of who benefitted most from the Trump tax cuts, see Steve Wamhoff, Updated Estimates from ITEP: Trump Tax Law Still Benefits the Rich No Matter How You Look at It," Institute on Taxation and Economic Policy, August 28, 2019; https://itep.org/updated-estimates-from-itep-trump-tax-law-still-benefits-the-rich-no-matter-how-you-look-at-it/.